



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

UNDER SECRETARY

July 29, 2005

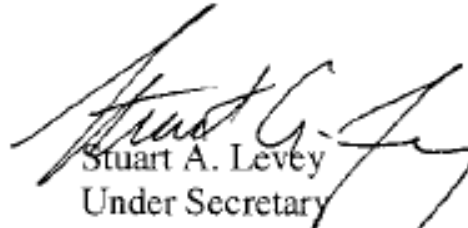
The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510-1501

The Honorable Max S. Baucus  
United States Senate  
511 Hart Senate Office Building  
Washington, DC 20510-2602

Dear Senators Grassley and Baucus:

As you know, the Trade Sanctions Reform and Export Enhancement Act of 2000 provides two payment options for agricultural exports to Cuba: (1) "payment of cash in advance" or (2) financing using a third country financial institution. In February 2005, Treasury clarified that "payment of cash in advance" means that "payment is received by the seller or the seller's agent prior to shipment of the goods." This interpretation allows a U.S. seller to ship goods once the seller or the seller's agent receives payment. Under this interpretation, the seller's agent may be a third country financial institution, even if the U.S. seller does not have an account at that institution, as long as, prior to shipment the third country financial institution has been given an unconditional requirement to pay the U.S. seller the full amount for the goods, subject to settling accounts for overpayment by the buyer in accordance with standard shipping tolerances and subject to the tender of usual and customary proof that the goods conform to the description in the contract.

Sincerely,



Stuart A. Levey  
Under Secretary

Office of Terrorism and Financial Intelligence